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Foreign Labor Trends

Tunisia

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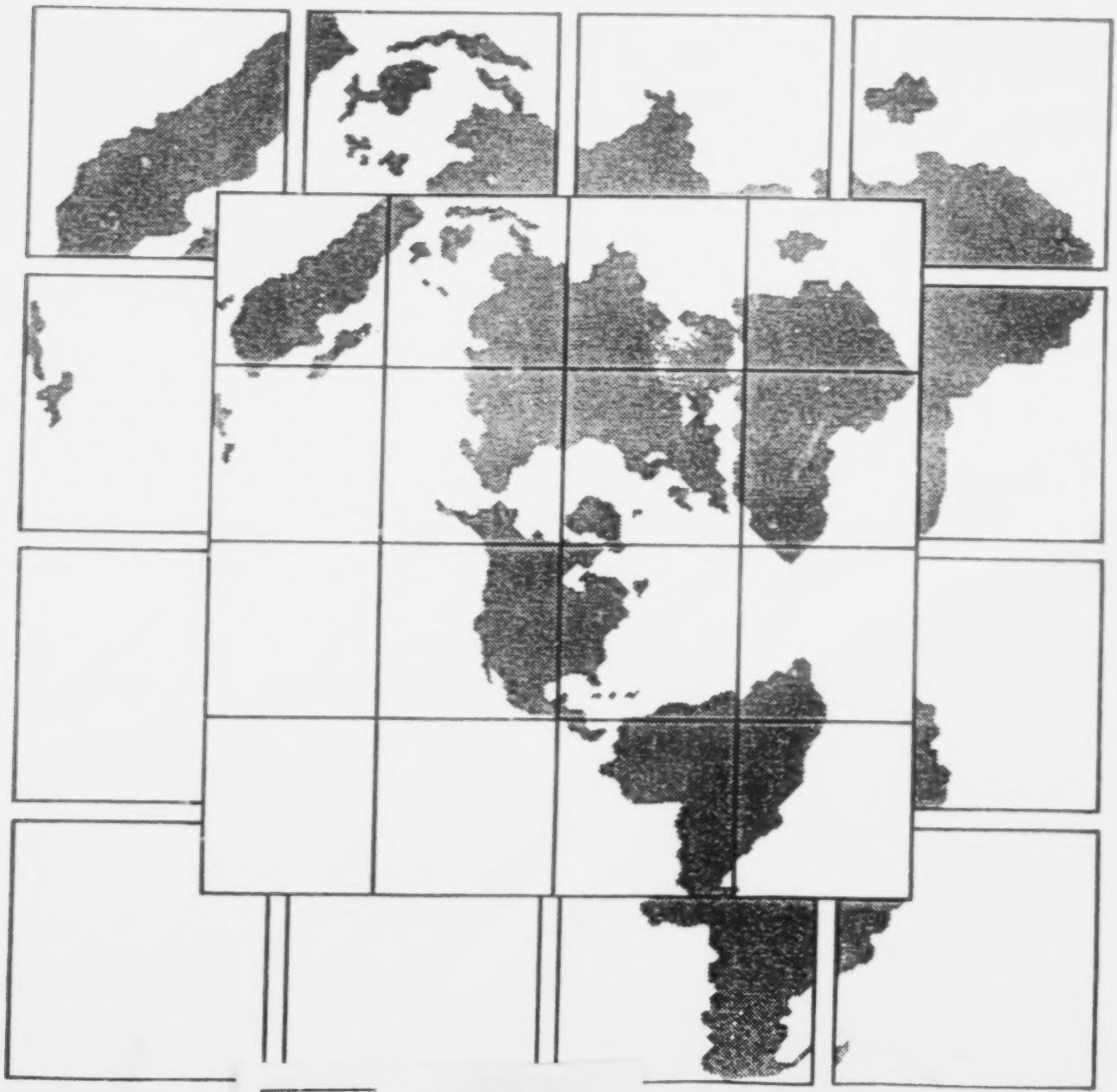

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FOREIGN LABOR TRENDS REPORT

TUNISIA

1988 - 1989

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KEY LABOR INDICATORS

	1987	1988	% change
GDP (current $)	9,589	9,673	0.9
GDP INDEX (constant TD - 1980 = 100)	128	129	0.78
CPI % change (official est.)	8.2	8	
POPULATION (millions)	7.6	7.79	2.5
---, growth rate (%)	2.5		
---, % under 25 years	60		
---, urban concentration (%)	66		
---, % below poverty level	8		
LABOR FORCE, total (millions)	2.29	2.39e	
---, male	1.9	1.92e	
---, female	.39	.47e	
---, in agriculture (%)	33		
---, in industry (%)	36		
UNEMPLOYMENT RATE (%)	17	14.3e	
UNIONIZATION, % (UGTT estimate)	20	20	
WAGES ($/per hour)			
---, minimum industrial wage	0.64	0.67	4.6
---, minimum agricultural wage	0.47	0.49	5
---, average hourly urban earnings			
Unskilled labor	0.64	0.67	4.6
Semi-skilled	0.92	0.97	5.4
Technicians	1.12	1.18	5.3
Foremen	1.21	1.27	4.9
Supervisors	1.27	1.34	5.5
Managers	1.38	1.45	5
AVERAGE HOURS WORKED (per week)			
Urban	45	45	0
Rural	48	48	0
TRADE WITH U.S. (goods, $ million)			
Imports from U.S.	178.9	269.2	
Exports to U.S.	12.4	25.8	

(e) estimate

THE ECONOMY

The year 1988 was a disappointing one for the Tunisian economy. Gross domestic product (GDP) rose only 0.9 percent, compared with a rebound rate of 5.8 percent in 1987. The chief reason for the low growth was a major drought, the worst in a generation, which devastated agricultural production. Furthermore, oil production continued its steady decline. In 1988 the Tunisian economy was helped by a 50 percent rise in earnings from tourism which brought in $600 million of hard currency. Moreover, a massive influx of Libyans after the borders were reopened in March 1988 brought in another $450 million net. Manufactured exports, particularly textiles, also rose by 12 percent, and the balance of payments deficit (the trade balance) grew from $130 million to $252 million.

The Structural Adjustment Program remains the focus of the economic program of the Tunisian government. After reaching a low of about $30 million in foreign exchange reserves during the balance of payments crisis of 1986, the government reduced subsidies, deregulated prices, devalued the Dinar, and capped public sector wages in an effort to put the economy on a sound footing. (By the end of 1988 foreign exchange reserves totaled $900 million).

At this early stage, however, structural adjustment has failed to generate much new employment. Public grumbling about price hikes on various commodities during the summer caused the government to impose restrictions on wholesalers in October--shortly before rioting erupted in neighboring Algeria. Though still committed to structural adjustment, the government has become more alert to the public's complaints about price increases.

THE LABOR FORCE

According to official Tunisian statistics, 33 percent of the work force is employed in agriculture, 36 percent in industry and mining, 6 percent in tourism, and 25 percent in public administration and other services. Many undocumented workers are employed in such informal sector activities as small scale retailing, residential construction, and especially part-time agriculture.

About 400,000 Tunisians work in France, West Germany, Italy, Belgium, Francophone Africa, and the arab Gulf area. Although these expatriates make up less than 17 percent of the documented work force, their hard currency remittances contribute significantly to the Tunisia economy. In 1988 the Tunisian government offered custom exemptions and other

incentives to attract these workers' remittances back to Tunisia.

POPULATION PRESSURE AND JOB CREATION

Tunisia has a high percentage of young people, and its labor force (i.e., 15-64 years) is growing much more rapidly than the population at large. Despite the government's efforts, the birth rate remains much higher than that of developed countries. The Tunisian government considers population growth a major obstacle to raising living standards.

Informal market activity and, to a lesser extent, emigration relieve the pressure of a growing population. Employment in the informal economy creates numerous jobs, but many educated young people prefer to wait in the hope of landing more prestigious jobs in the formal economy. Because of the economic downturn in Europe and the Middle East, fewer Tunisians are going to those areas to work. Libya, however, has pledged to employ 10,000 Tunisian technicians. The Tunisian government estimates that 31 percent of young people entering the official work force from 1987 to 1991 will not find jobs.

UNEMPLOYMENT

Many Tunisians consider unemployment the country's major social problem. For 1988 the government put unemployment at 14.3 percent. Of these unemployed, the government estimates that 45 percent fall in the age group 18-59. Unemployed young people between the ages of 15-24 represent roughly 60 percent of all unemployed. Nineteen percent of the unemployed have no schooling, 49 percent have elementary school, 30 percent secondary, and 2 percent college. As those statistics indicate, unemployment is primarily a problem of young men seeking their first jobs. The phenomenon is centered and most disruptive in urban areas.

WOMEN IN THE LABOR FORCE

Women make up over 20 percent of the labor force. They are employed in a wide range of occupations, including such professions as law and medicine. If one included unrecorded employment in agriculture and informal sector jobs, their representation would rise over 50 percent. In general, however, women seem to occupy menial jobs and are heavily represented in textiles and agriculture.

Despite social legislation which protects women's civil rights, pressure is mounting to restrict their presence at the

work place. Religious conservatives object to women's working on moral grounds while others feel that working women displace young men. In fact, many small employers seem to prefer women who often work on short-term contracts and hence enjoy fewer entitlements under the labor code. Only six percent of working women are unionized.

THE LABOR CODE, BENEFITS AND PAY SCALES

Tunisia's Labor Code was enacted in 1966 and is very comprehensive. It prescribes a 48-hour workweek, holidays, overtime pay, vacations, maternity, and sick leave. It also guarantees minimum wages, spells out grievance procedures, and establishes a worker/employer-funded social security fund for disability payments, medical coverage, and pensions. Unemployment insurance is not covered, but the Tunisian government has used these funds to compensate workers laid off in such industries as automobile assembly. Regulations stipulate that employers contribute 20 percent and workers 6.5 percent of base salary to this social security fund. The large employer contribution has prompted firms to replace full-time workers with part-time workers, who are not covered by the fund. Sectoral collective bargaining conventions frequently go beyond the benefits prescribed by the Code.

At the Extraordinary Congress held in January 1987, however, a new union charter was adopted that restricted the right to strike. The new procedure for sanctioning strikes requires a majority vote of all the member unions of the General Union of Tunisian Workers (UGTT), not just the affected syndicate as before. The new charter also stipulates productivity increases for any wage hikes.

During a period of confrontations with unionists between 1985 and 1987, the Government (1) abolished the automatic check-off, (2) prohibited union meetings at the work place, and (3) seized much of the unions' property. These measures severely restrict, in practice, the rights that workers enjoy on paper. Since the Extraordinary Congress of April 1989 (the freest union gathering the UGTT has had since 1984), unionists have turned to undoing those restrictions.

Managers and entrepreneurs are exerting strong pressure on the government to either revise or amend the Labor Code. They argue that the provisions of the current code disadvantage marginal firms and discourage employment. They are asking that the code be changed to facilitate the hiring of part-time workers, laying off workers temporarily for economic reasons, and hiring more women.

Unionized workers lead a multi-tiered wage structure, followed by nonunionized employees of foreign firms. Recent increases in the minimum wage have caused wage differences between skilled and unskilled workers to diminish, which has caused discontent among the former. Regional wage disparities also exist. Additionally, a union worker can earn four times as much as a seasonal agricultural laborer, and perhaps 40 percent more than an employee in a small business. Wage increases are to be linked to productivity gains at the enterprise level, but no clear procedure has been identified to measure such gains. In addition to the basic salary, the conventions provide for the payment of a variety of nontaxable allowances including a family allowance for up to four dependent children and a transportation supplement. With extremely high tax rates in Tunisia, the percentage contribution of nontaxable benefits to total salary has risen throughout the eighties. Other benefits include a one-month vacation and, frequently, a bonus of one month's pay. At the highest levels, a car and/or a housing allowance are often provided. The salary schedule for each sector is a complex matrix of tables based on skill, seniority, etc.

Tunisia has no free trade zones per se. To attract investment from abroad, however, the government permits many foreign firms to make it difficult to unionize.

THE ROLE OF ORGANIZED LABOR

Tunisian law provides that any group of workers can form a union and, if they enroll a majority of workers, form a closed shop. In practice, however, the government has frequently intervened to limit such unionization. For example, the government has forbidden union meetings at the work place and permitted employers to fire workers who were active union organizers. In the past, the only union federations that arose separately from the General Union of Tunisian Workers (UGTT) were those that the government specifically encouraged in order to weaken the UGTT. Most workers are optimistic that the new government, which came to power November 7, 1987, will redress infringements on workers' rights.

The UGTT was founded in 1948. It is a federation that encompasses 45 sectors or industries and 20 regions. The UGTT estimates that 20 percent of the work force is organized (this figure, however, is undoubtedly too high). Civil service unions are the largest, and phosphate mining, chemicals, petroleum, metal industries, and ports are also heavily unionized. Virtually all parastatal workers are unionized, whereas relatively few are organized in agriculture.

The UGTT on the Comeback Trail

The beginning of 1988 was characterized by mounting discontentment among both union leaders and the rank and file with the leadership of Abdelaziz Bouraoui, Secretary General of the UGTT. Bouraoui had come to lead the UGTT after the Extraordinary Congress of January 1987. Finally, in April 1988 Bouraoui and his arch rival, the famous union leader Habib Achour, both agreed to withdraw from union affairs.

An 11-man Labor Commission under the leadership of Habib Tliba was set up in May. The Commission consisted of five Bouraoui loyalists and five veterans from the last "free" congress of 1984 (the "legitimistes"). The chief mission of the Congress was to lay the groundwork for a new extraordinary congress, in addition to running the UGTT's daily affairs. Sharp personal differences among the Commission members, and the dual nature of its committees, greatly impeded the work of the Labor Commission. Virtually no progress was made in recovering the UGTT's property from the government or having small employers rehire scores of workers fired for union activities during the period 1985-87. Chiefly attributed to the persistent effort of Tliba, private sector employees agreed to a minimum wage increase in early 1989.

The Labor Commission did not begin holding the shop and regional elections indispensable for an extraordinary Congress until October. Shop elections were generally fair and free of government intimidation throughout the country. The subsequent regional elections that took place in early 1989 were hotly contested, and the various factions accused one another of foul play. The pre-Congress process, which in the past took 7 months, was condensed into 5 months. Several deadlines were missed, but the Congress finally took place April 17-19. A new 13-man executive board was elected. The new Secretary General of the UGTT is Ismail Sahbani, a widely respected union leader.

Apart from the politics of factions contending for leadership of the UGTT, the labor scene was fairly quiet in 1988. There were no massive long strikes. The strikes that did occur were localized and lasted hours or a few days. The most important occurred at the phosphate mines at Gafsa where about 5,000 workers struck for several days in December and obtained a year-end bonus to which they were entitled. According to Tliba, the number of such work stoppages in 1988 fell to 250 from 500 the previous year. Most were not sanctioned by the Labor Commission.

The UGTT's International Relations

The UGTT belongs to the International Labor Organization (ILO), the International Confederation of Free Trade Unions (ICFTU)--to which the new Secretary General of the UGTT, Ismail Sahbani was elected vice-president in May 1989--and the International Union of Arab Workers. Sectoral unions such as the Metal Workers also maintain contact with their international counterparts. Since many observers did not consider the outcome of the 18th Extraordinary Congress of 1987 genuine, such international labor organizations as the ICFTU froze their cooperation with the UGTT. After the Labor Commission was formed in May, however, contact between the UGTT and the ICFTU resumed. Also, the UGTT's plans were to send a large delegation to the ILO conference in June 1989.

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